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Document to be filed:	Extraordinary Report
Filing to:	Director-General of the Kanto Local Finance Bureau
Date of filing:	August 22, 2024
Company name (Japanese):	日本たばこ産業株式会社 (<i>Nihon Tabako Sangyo Kabushiki-Kaisha</i>)
Company name (English):	JAPAN TOBACCO INC.
Title and name of representative:	Masamichi Terabatake, President, Chief Executive Officer and Representative Director
Location of head office:	1-1, Toranomom 4-chome, Minato-ku, Tokyo, Japan
Telephone number:	+81-3-6636-2914 (Main)
Contact person:	Hiromasa Furukawa, Senior Vice President, Chief Financial Officer and Corporate Communications
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Telephone number:	+81-3-6636-2914 (Main)
Contact person:	Hiromasa Furukawa, Senior Vice President, Chief Financial Officer and Corporate Communications
Place where the document is available for public inspection:	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

1. Reason for filing

Japan Tobacco Inc. (“JT”) has reached an agreement with Vector Group Ltd. (NYSE: VGR; head office: Florida, U.S.A.; “VGR”), a tobacco company in the U.S., to acquire VGR for consideration of \$15.00 per share with a total transaction amount of approximately 2.4 billion USD through an entity the JT Group will establish for the purpose of this acquisition, and concluded an agreement on August 21, 2024 (Japan time). Therefore, this Extraordinary Report is filed pursuant to the provisions of Article 24-5, paragraph 4 of the Financial Instruments and Exchange Act and Article 19, paragraph 2, item (viii)-2 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs.

2. Content of report

- (1) Trade name, location of head office, representative, amount of share capital, amount of net assets, total assets, and business description of the subsidiary to be acquired
 - (i) Trade name: Vector Group Ltd.
 - (ii) Location of head office: 4400 Biscayne Boulevard, Miami, Florida 33137
 - (iii) Representative: President & CEO, Howard M. Lorber
 - (iv) Amount of share capital: 15,598 thousand USD (as of December 31, 2023)
 - (v) Amount of net assets: (741,814) thousand USD (as of December 31, 2023)
 - (vi) Total assets: 934,095 thousand USD (as of December 31, 2023)
 - (vii) Business description: Manufacturing and sales of cigarettes, etc.

- (2) Revenues, operating income, ordinary income, and net income of the subsidiary to be acquired in each fiscal year that ended in the last three years

(Thousands of USD)

Fiscal year	Year ended December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2023
Revenues (consolidated)	1,220,700	1,441,009	1,424,268
Operating income (consolidated)	320,439	339,010	328,035
Net income (consolidated)	219,463	158,701	183,526

Note: The financial statements of the subsidiary to be acquired were prepared based on U.S. GAAP and do not include an item corresponding to “ordinary income.”

- (3) Capital relationship, personnel relationship, and business relationship of JT with the subsidiary to be acquired

Capital relationship There are no capital relationships between JT and the subsidiary to be acquired that should be noted.

Personnel relationship There are no personnel relationships between JT and the subsidiary to be acquired that should be noted.

Business relationship There are no business relationships between JT and the subsidiary to be acquired that should be noted.

- (4) Purpose of the subsidiary acquisition concerning the subsidiary to be acquired

In line with the JT Group’s tobacco business strategy, outlined in Business Plan 2024, this acquisition will add a growing and profitable business, improving the Company’s Return-On-Investment (ROI) in combustibles. The transaction will significantly expand JT Group’s presence in the US, the second largest tobacco market in net sales and one of the most profitable globally. Furthermore, it will strengthen the Group’s financial position through mid to long term hard

currency profits and cash flows, which will support the Company's investment strategy in Reduced-Risk Products, notably in heated tobacco sticks. By adding this sizeable and profitable business to our Company, we are confident the transaction will contribute to sustainable growth and increase JT Group's corporate value.

- (5) Amount of consideration for the subsidiary acquisition concerning the subsidiary to be acquired
Common shares of VGR Approximately 2.4 billion USD